

**DESERT GOLD VENTURES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(Unaudited - Expressed in US Dollars)**

**Three Months Ended March 31, 2017**

## **NOTICE TO READERS**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by management, and are not reviewed by the Company's independent auditor.

**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in US dollars)

	Note	March 31, 2017	December 31, 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		636,770	151,700
GST receivables		4,330	1,143
Prepaid		18,766	-
		<u>659,866</u>	<u>152,843</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	313,166	324,359
<b>EQUITY (DEFICIENCY)</b>			
Share capital	4	16,829,984	16,603,967
Subscription receipt	4	431,320	-
Accumulated other comprehensive income		195,224	198,493
Reserves	4	17,005,368	16,916,508
Deficit		(34,115,196)	(33,890,484)
		<u>346,700</u>	<u>(171,516)</u>
		<u>659,866</u>	<u>152,843</u>

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

Approved for issuance by the board of directors on May 29, 2017

**"Sonny Janda"**

**Director - Sonny Janda**

**"Jared Scarf"**

**Director - Jared Scarf**

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited - Expressed in US dollars)

Three months ended March 31,	Note	2017	2016
		\$	\$
Office and administration		11,462	15,166
Professional and consulting fees	6	65,825	124,336
Prospecting rights and exploration	3	28,419	-
Rent		3,621	3,281
Share-based compensation	4	88,860	83,600
Transfer agent and listing fees		15,280	8,497
Travel		11,245	-
<b>Loss before the following:</b>		<b>(224,712)</b>	<b>(234,880)</b>
Foreign exchange gain (loss)		-	-
Impairment of subsidiaries		-	-
Finance charges and foreign exchange		-	(264)
<b>Net loss</b>		<b>(224,712)</b>	<b>(235,144)</b>
Other comprehensive loss			
Foreign exchange translation gain (loss)		(3,269)	4,934
<b>Total comprehensive loss</b>		<b>(227,981)</b>	<b>(230,210)</b>
<b>Weighted average number of outstanding shares, basic and diluted</b>		<b>16,940,612</b>	<b>12,913,896</b>
<b>Loss per share, basic and diluted</b>		<b>(0.01)</b>	<b>(0.02)</b>

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**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**  
(Unaudited - Expressed in US dollars except the number of shares)

	Share capital		Subscription received	Reserves			Accumulated other comprehensive income		Deficit	Total equity
	Number	Amount		Warrants	Share-based compensation	comprehensive income				
<b>December 31, 2015</b>										
Share-based compensation	12,913,898	16,388,703		486,301	2,564,961	185,962	(33,370,797)		10,731	
Translation between functional and reporting currency	-	-	-	-	83,600	-	-	-	83,600	
Loss for the period	-	-	-	-	-	4,934	-	-	4,934	
<b>March 31, 2016</b>	12,913,898	16,388,703		486,301	2,648,561	190,896	(33,605,941)	(235,144)	(235,144)	
<b>December 31, 2016</b>										
Share issuance for cash	16,913,945	16,603,967	-	486,301	2,674,606	198,493	(33,890,484)		(171,516)	
Share-based compensation	1,200,000	226,017	431,320	-	-	-	-	-	657,337	
Translation between functional and reporting currency	-	-	-	-	88,860	-	-	-	88,860	
Loss for the period	-	-	-	-	-	(3,269)	-	-	(3,269)	
<b>March 31, 2017</b>	18,113,945	16,829,984	431,320	486,301	2,763,466	195,224	(34,115,196)	(224,712)	346,700	

The accompanying notes are an integral part of these condensed consolidated interim financial statements

**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**(Unaudited - Expressed in US dollars)**

Three months ended March 31,	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(224,712)	(235,144)
Adjustments for non-cash items:		
Foreign exchange	-	
Impairment of subsidiaries	-	
Share-based compensation	88,860	83,600
Changes in non-cash working capital items:		
GST receivables	(3,187)	(198)
Prepaid	(18,766)	(30)
Accounts payable and accrued liabilities	(11,193)	40,619
<b>Cash used in operating activities</b>	<b>(168,998)</b>	<b>(111,153)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issuance and subscription receipt	657,337	-
<b>Effect of foreign exchange rate on cash</b>	<b>(3,269)</b>	<b>13,580</b>
<b>Increase (decrease) in cash</b>	<b>485,070</b>	<b>(97,573)</b>
<b>Cash, beginning of period</b>	<b>151,700</b>	<b>317,634</b>
<b>Cash, end of period</b>	<b>636,770</b>	<b>220,061</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2017**  
**(Unaudited - Expressed in US dollars)**

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Desert Gold Ventures Inc. (the "Company" or "Desert Gold") is an exploration stage Company with a corporate office at 700 - 595 Burrard Street, Vancouver, British Columbia V7X 1S8. The principal business of the Company is conducting mineral property exploration in Mali and Rwanda.

The Company is an exploration stage Company primarily involved in mining and exploration activities which has incurred recurring losses from inception. These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at March 31, 2017 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from equity and/or debt financing that is sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance the Company's operations over the next twelve months through private placement of common shares (Notes 4).

These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of consolidation and presentation**

These consolidated financial statements have been prepared on an historical cost basis, modified where applicable. These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in US dollars, unless otherwise specified.

These consolidated financial statements include the accounts of Desert Gold Ventures Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries of the Company are as follows:

Name	Country of incorporation	Ownership percentage	
		March 31, 2017	December 31, 2016
TransAfrika Belgique S.A.	Belgium	100%	100%
TransAfrika Rwanda Gold S.A.R.L.	Rwanda	100%	100%
TransAfrika Mali S.A.	Mali	74%	74%
TransAfrika Senegal S.A.	Senegal	100%	100%
GoldBanks Nevada Ventures Inc.	USA	100%	100%

**b) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2017**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**b) Statement of compliance (continued)**

performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the most recent audited consolidated financial statements for the recent year ended December 31, 2016.

**c) Change in accounting policies**

The Company has not adopted new accounting policies since its last year ended December 31, 2016.

New accounting standard not yet effective is as follows:

**IFRS 9 "Financial Instruments"**

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company does not expect the adoption of this new accounting standard has material effects to the Company's consolidated financial statements.

**3. EXPLORATION AND EVALUATION ASSETS**

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Desert Gold Ventures Inc. is an exploration stage Company which holds mining assets in Mali and Rwanda.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties.

The Company has investigated the titles to all of its resource properties and, to the best of its knowledge, title to all of its properties is in good standing.

**Rwanda Project**

The Company, through its wholly owned subsidiary TransAfrika Rwanda Gold SARL, has 100% ownership of the Byumba exploration permit in Rwanda.

**Mali Projects**

The Company has the Farabantourou exploration permit, Djimbala permits, and Segala Quest Project through its subsidiary TransAfrika Mali S.A., located in Mali.

During the three months ended March 31, 2017, the Company incurred exploration cost, including planning and administration cost totaling \$28,419 in connection with the Rwanda and Mali Projects.



**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2017**  
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**4. SHARE CAPITAL**

**(a) Share capital**

The authorized share capital of the Company consists of unlimited number of shares without par value, and 1,250,000 preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

In March 2017, the Company issued 1,200,000 units at a price of CAD\$0.25 per unit, raising gross proceeds of CAD\$300,000. Each unit consists of one common share in the equity of the Company and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of CAD\$0.30 per share for a period of five (5) years from closing, subject to a thirty (30) day accelerated expiry period, upon announcement by the Company that its shares have traded on a weighted average of \$1.00 per common share, or more, for ten (10) consecutive trading days.

On March 30, 2017 the Company initiated a non-brokered private placement for the issuance of 2,860,800 units at CAD\$0.25/unit. Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD\$0.30 per share for a period of five years from issuance. These warrants are subject to a thirty (30) day acceleration in the event the Company's shares trade at a weighted average of CAD\$1.00 or more for ten (10) consecutive trading days.

Subsequent to the period ended March 31, 2017, this private placement was completed in April, 2017

As at March 31, 2017, the Company received \$431,320 share subscription

**(b) Stock options**

In January, 2017, the Company terminated the Company's 2012 fixed option plan and the implementation of a 10% rolling option plan that is subject to the approval by applicable regulatory entity. The Company also granted 519,388 options to its officers and consultants exercisable at CAD\$0.30 per share. These options were vested immediately and will expire 5 years after issuance if not exercised.

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2015	132,500	CAD\$ 8.00
Issuance	1,100,000	0.20
Expired	(132,500)	8.00
Balance, December 31, 2016	1,100,000	CAD\$ 0.20
Issuance	519,388	0.30
Balance, March 31, 2017	1,619,388	CAD\$ 0.23

The weighted average grant date fair value of stock options granted during the current three-month period was \$0.17 per stock option. The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options granted:

	2017	2016
Risk-free interest rate	0.64% - 1.09%	0.67%
Expected life of options	2-5 years	5 years

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**THREE MONTHS ENDED MARCH 31, 2017**  
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Annualized volatility	147 - 198%	195%
Dividend rate	0.00%	0.00%

**4. SHARE CAPITAL (Continued)**

**(b) Option (continued)**

Stock options outstanding and exercisable as at March 31, 2017 are summarized as follows:

Exercise price (CAD\$)	Number of options outstanding	Weighted average remaining contractual life (Year)	Expiry date	Number of options exercisable
0.20	1,100,000	3.83	January 29, 2021	1,100,000
0.30	258,880	1.56	October 24, 2018	258,880
0.30	260,508	4.82	January 30, 2022	260,508
	1,619,388	3.62		1,619,388

**(c) Warrants**

Warrants continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2015	8,507,142	CAD\$ 0.13
Issuance	4,000,000	CAD\$ 0.09
Balance, December 31, 2016	12,507,142	CAD\$ 0.11
Issuance	1,200,000	CAD\$ 0.30
Balance, March 31, 2017	13,707,142	CAD\$ 0.13

As at March 31, 2017, the weighted average remaining life of the Company's outstanding warrants was 3.90 years.

**5. ACCOUNT PAYABLES AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities consisted of the following:

	March 31, 2017	December 31, 2016
	\$	\$
Accounts payable	114,905	121,191
Accrued liabilities	198,261	196,027
Due to related parties (Note 6)	-	7,141
	313,166	324,359

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**THREE MONTHS ENDED MARCH 31, 2017**  
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**6. RELATED PARTY TRANSACTIONS**

a) Transactions with key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management are as follows:

Three months ended March 31,	Service	2017	2016
		\$	\$
Officers	Consulting	16,996	11,664
A company with a director common with Desert Gold	Consulting	15,000	29,160

b) Transactions with other related parties

During the three months ended, the Company paid rent and consulting fees to a company with a common director of \$4,500 and \$4,500 respectively.

c) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company's accounts payable and accrued liabilities included the following balances owing to related parties.

Due to Related parties	Nature	March 31, 2017	December 31, 2016
		\$	\$
Chief executive officer	Consulting fees	-	2,088
Former chief financial officer	Consulting fees	-	5,053
		96,512	110,053

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2017**  
**(Unaudited - Expressed in US dollars)**

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**7. FINANCIAL INSTRUMENTS**

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**Classification of financial instruments**

Financial assets included in the statement of financial position are as follows:

	March 31, 2017	December 31, 2016
FVTPL:	\$	\$
Cash	636,770	151,700

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Financial liabilities included in the statement of financial position are as follows:

	March 31, 2017	December 31, 2016
Non-derivative financial liabilities:	\$	\$
Trade payables	114,905	121,191
Due to related parties	-	7,141
	114,905	128,332

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**Fair value**

At the respective reporting dates, all of the Company's financial instruments had maturities less than one year. As a result, the carrying amount of cash, other receivables, accounts payable and accrued liabilities approximated their fair values due to their short-term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investment in guaranteed investment certificate are classified as Level 1.

**8. SUBSEQUENT EVENT**

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The Company issued 600,000 shares in April 2017 when 600,000 warrants were exercised at CAD\$0.09 per share.